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ABSTRACT

The major purpose of this report is to examine what the operating aid formula for the 1977-78 New York State school year could have been for the 347 save-harmless districts and the 236 limited aid districts if the 1977 legislature had not based apportionments on the previous year's aid. The study, conducted by a governor-appointed task force, summarizes the 1977-78 operating aid apportionment system and operating aid formula and discusses the impact of using three other major formulas. Also included in the report are discussions of the payable operating aid scheme for the state's school districts, state and local support levels, and variations in per pupil operating expense. The final chapter discusses how school districts can receive their operating aid without save-harmless provisions or limits on increases. (Author/LD)

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STATE OF NEW YORK

APPORTIONMENT OF OPERATING AID FOR THE 1977-78 SCHOOL YEAR: A COMPLEX STATUS QUO

- State-Local Support Levels to Range From Less Than $1,300 to More Than $7,000
- Only 123 of 705 Districts to Receive Aid Under the $1,400 Per Pupil Ceiling

September, 1977

Education Unit
New York State Division of the Budget
Albany, New York 12224

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EA 011 455

This staff report to members of the Governor's Advisory Panel of Consultants was prepared by members of the Education Unit, New York State Division of the Budget.

Single copies of this staff report may be obtained, as long as the supply lasts, from the Education Study Unit, State Division of the Budget, State Capitol, Albany, New York 12224.

FOREWORD

Operating aid apportionments which are based, to a great extent, on the previous year's aid rather than on the amount of money generated by the actual operating aid formula, have been a part of New York State school finance plans for a number of years. Both save-harmless provisions and limits on operating aid increases have been key features of apportionment systems approved by the State Legislature.

Under a school aid revision enacted by the 1977 Legislature, New York State will have an operating aid system for the 1977-78 school year under which 347 districts will receive their aid pursuant to one of two "save-harmless" provisions, 126 districts will actually receive their aid according to the formula, and 236 districts will receive less money than the formula aid amount because of a cap on operating aid increases.

The major purpose of this report is to examine what the operating aid formula for the 1977-78 school year could have looked like <u>if</u> the 1977 Legislature had given the 347 "save-harmless" districts and the 236 "limited aid" districts the amount of operating aid paid to them in the 1977-78 school year without reference to the amount of operating aid paid to them in the 1976-77 school year. To achieve such an objective, the State's operating aid apportionment system -- which now places limits on total operating aid increases and guarantees the amount of money a district may receive -- would have had to have been described in terms of different operating aid state-local support levels (or ceilings) for districts of comparable wealth.

As this report indicates, New York State's current operating aid apportionment system is <u>not</u> the simple, commonly graphed, three-line formula. If the present system were to be described in a state law, without referring to aid paid in the previous year, a series of more than 500 separate equations would be involved, and there would be significant regional differences in the application of these equations. New York State's current system for apportioning operating aid to school districts is mathematically convoluted.

In order to rectify some of the problems in the current New York State system of school finance, Governor Carey's 1975 Task Force on Aid to Education urged the Governor to take a series of steps. As a vehicle for carrying out its recommendations, the Task Force on Aid to Education suggested that the studies which it proposed be initiated by the Governor's Office and that "a small working party or task force (be)

established by the Governor." To implement this recommendation, Governor Carey sought and received a grant from the Ford Foundation in 1975.

To guide the Budget staff unit established to coordinate these studies, the Governor appointed a six-member panel of school finance specialists. Their names and positions at the time of appointment are as follows: Dr. Donna Shalala, Associate Professor of Politics and Education, Teachers College, Columbia University as Chairwoman*; Dr. John Callahan, Director of the Legislators' Education Action Project, National Conference of State Legislatures; Dr. Alan K. Campbell, Dean of the Maxwell School of Citizenship and Public Affairs, Syracuse University**; Dr. Walter I. Garms, Professor at the College of Education, University of Rochester; Dr. Dick Netzer, Dean of the Graduate School of Public Administration, New York University; and Dr. Allan Odden, Director of the Education Finance Center, Education Commission of the States.

This staff report to the Consultants Advisory Panel has been published using moneys from the Ford Foundation grant to the State of New York.

September, 1977

* Resigned in February 1977. Current Title: Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development, Washington, D. C.

** Current Title: Chairman, United States Civil Service Commission, Washington, D. C.

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TECHNICAL NOTE

Two types of data were used in this report as noted below.

Use of 1977-78 Operating, Growth and Budget Aid: For the Foreword, pages 1, 6, 8 and 11, the number of districts receiving aid under options available for the 1977-78 school year were derived from a State Education Department computer run of May 17, 1977.

These data were used for the sake of consistency with the computer runs which have been publicly distributed.

Use of 1977-78 Operating and Budget Aid Divided by 1976-77 Total Aidable Pupil Units: To reduce the possible distortion which might occur from the use of growth aid in implied ceiling calculations, data used in the illustrations on pages 7, 13, 15, 18, and 19 were calculated by the Budget Division from a computer tape received from the State Education Department on May 24, 1977. For these calculations, anticipated amounts of operating and budget aid for the 1977-78 school year were divided by the estimated number of district total aidable pupil units for the 1976-77 school year, and implied ceilings were calculated from these payable aid per pupil amounts.

Booklet Preparation: The booklet was written by New York State Division of the Budget employees. The two scatterplots, the histogram, and the implied ceiling data were prepared by staff members at the New York State Board of Equalization and Assessment.

SUMMARY OF 1977-78 NEW YORK STATE OPERATING AID APPORTIONMENT SYSTEM

New York State will distribute $3.2 billion to public school districts through general aid formulas for the 1977-78 school year. Of this total, $2.4 billion will be used to assist 705 districts in funding operating expenditures. The formula, under which operating aid will be paid to school districts in the 1977-78 school year, has remained basically unchanged since the 1974-75 school year. The 1977 legislative session modified the formula for the 1977-78 school year; the most important change was to increase the state-local support level by $200 (from $1,200 to $1,400 per pupil).

Formula Operating Aid (Described on Pages 2 to 5)

The only year between 1973-74 and 1977-78 when a majority of the State's school districts received the precise amount of money to which they were entitled under the operating aid formula was the 1975-76 school year. The amount of aid a district is entitled to under the formula is known as "formula operating aid," and three separate components of the formula are shown graphically on page 3.

New York State has 705 school districts, with New York City counted as one district. However, operating aid is apportioned to New York City on a borough basis. Thus, when districts are tabulated for analysis of the operating aid formula, the number of districts totals 709.

Payable Operating Aid (Described on Pages 6 to 8)

For the 1977-78 school year, only 126 of the State's major school districts are actually going to receive the amount of money which the formula generates. An additional 236 districts will be subject to "limits" on aid increases: a district may not receive an increase of more than six percent of its 1976-77 operating aid either on a total or on a per pupil basis, whichever is greater. The remaining 347 districts are expected to opt for one of two save-harmless provisions, whichever gives them the most aid, since the operating aid formula will give them less than the amount of money they received for operating purposes in the 1976-77 school year. One save-harmless provision is based on the total amount a district received in 1976-77; the second is related to the amount of per pupil operating aid which a district received in the 1976-77 school year.

DESCRIPTION OF 1977-78 OPERATING AID FORMULA

New York State's operating aid formula, since the 1974-75 school year, must be described algebraically as three separate equations. Another way to view such a formula is to look at it in graphic terms. The formula involves three different lines, each with a different "slope." The first line is the steepest, and it is the one which represents the amount of money to be paid in 1977-78 to all the districts from the lowest amount of full valuation per resident pupil up to $67,000 full valuation per resident pupil. The second line reflects the amount of "formula" operating aid for districts with from $67,000 to $101,000 full valuation per resident pupil. The third line, which is horizontal, represents the $360 minimum operating aid guarantee, and it produces the highest amount of formula aid for districts with $101,000 full valuation per resident pupil or more. Thus, districts are provided with three options for computing their operating aid under the formula, depending on their full valuation per resident pupil.

The pupil measures for the operating aid formula are the same for districts aided under any of the three different options. Two different pupil measures are used. The full valuation of each district is divided by its resident pupils in weighted average daily attendance (RWADA) to determine

(text continued on page 4.)

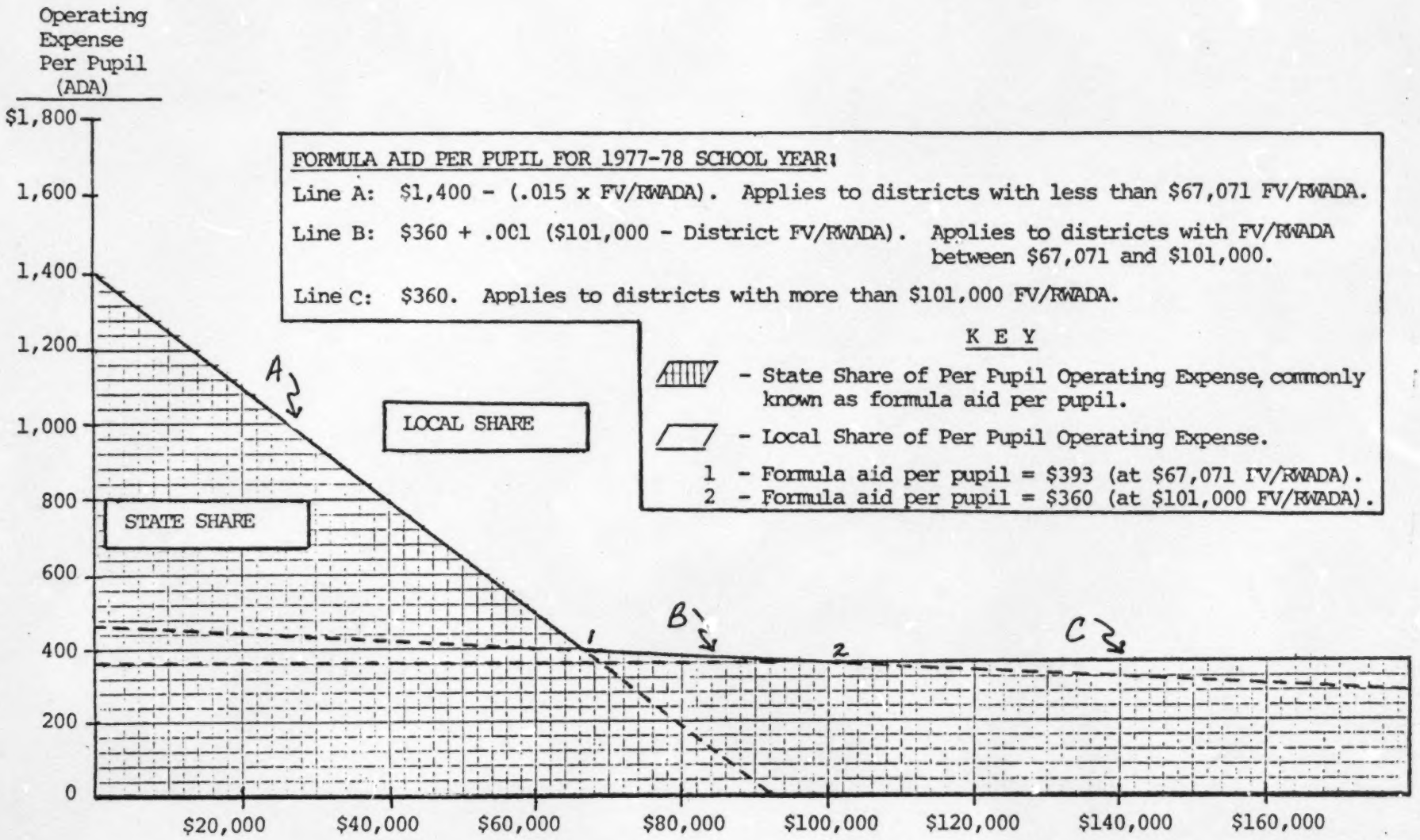
How to Read the Graph on Page 3:

The graph on page 3 shows the operating aid formula under New York State law for the 1977-78 school year. Lines A, B, and C graphically represent the three formulas under which all districts that spend at least $1,400 per pupil will be aided. The local share, financed by the district, is the amount above the line, and the State's share is the amount below the line. The broken lines on the graph beyond each point of intersection represent the amount generated by each formula option at various full value per resident pupil levels.

Although the graph does not show them, there are districts with operating expenses per pupil of more than $7,000 (291 districts are above the $1,800 level shown on the graph) and full values per resident pupil as high as $460,000 (19 districts are above the $180,000 level shown).

The three formulas represented by lines A, B, and C are discussed on page 4.

NEW YORK STATE OPERATING AID FORMULA FOR 1977-78 SCHOOL YEAR


Operating Expense Per Pupil (ADA)
$1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
FORMULA AID PER PUPIL FOR 1977-78 SCHOOL YEAR:
Line A: $1,400 - (.015 x FV/RWADA). Applies to districts with less than $67,071 FV/RWADA.
Line B: $360 + .001 ($101,000 - District FV/RWADA). Applies to districts with FV/RWADA between $67,071 and $101,000.
Line C: $360. Applies to districts with more than $101,000 FV/RWADA.
K E Y
- State Share of Per Pupil Operating Expense, commonly known as formula aid per pupil.
- Local Share of Per Pupil Operating Expense.
1 - Formula aid per pupil = $393 (at $67,071 FV/RWADA).
2 - Formula aid per pupil = $360 (at $101,000 FV/RWADA).
A
B
C
LOCAL SHARE
STATE SHARE
1
2
$20,000
$40,000
$60,000
$80,000
$100,000
$120,000
$140,000
$160,000
1975-76 FULL VALUE PER RESIDENT PUPIL IN WEIGHTED AVERAGE DAILY ATTENDANCE (FV/RWADA)
(BASIS FOR AID APPORTIONMENT IN 1977-78)

the district's relative wealth behind each pupil.* For purposes of aid apportionment, the amount of money which a district may receive is, under the formula, determined by multiplying the formula aid per pupil amount by a district's total aidable pupil units (TAPU). TAPU, under current law, is a measure based on average daily attendance, and pupils are weighted according to relative needs.*

The three operating aid formula options follow.

For Districts With Up to $67,000 Full Valuation Per Resident Pupil:

In the 1977-78 school year, the first formula option will be most beneficial for 558 school districts. The philosophy underlying this option is that the State will share in the first $1,400 of a district's approved operating expense per pupil. This per pupil total consists of the district's required local share, which is generally raised from taxes on real property, and of State operating aid, which is paid to a district under this formula option.

For districts spending at least $1,400 per pupil (average daily attendance)* in the 1976-77 school year, the district's required "local share" is determined by multiplying its full valuation per resident pupil (FV/RWADA) by .015 or 15 "mills." One "mill" is equal to 1/10th of a cent or .001. Thus, a 15 mill tax rate is another way of describing a $15.00 per thousand full value tax rate. Algebraically, this formula option may be stated as follows:

$1,400 - .015 (District FV/RWADA) = Formula Operating Aid/TAPU

For Districts With From $67,000 to $101,000 Full Valuation Per Resident Pupil:

In the 1977-78 school year, 87 districts will benefit from an alternate operating aid formula option. This formula option gives these districts more money than they would receive under either the first or the third option. Algebraically, this option may be written as follows:

$360 + .001 ($101,000 - District FV/RWADA) = Formula Operating Aid/TAPU

For Districts With More Than $101,000 Full Valuation Per Resident Pupil:

In the 1977-78 school year, 64 districts will receive their formula operating aid under the minimum or flat grant guarantee of $360 per pupil. It is the formula operating aid option most beneficial to districts with more than $101,000 full value per pupil.

* See Glossary of Terms for a more detailed explanation.

IMPACT OF USE OF THREE MAJOR OPERATING AID FORMULA OPTIONS

Use of three different operating aid formula options means that the actual state-local support level varies among the State's 705 school districts.

Under the first operating aid formula option (described on page 4), the State guarantees that every district with the equivalent of a $15.00 per thousand full value tax rate may spend up to $1,400 per pupil for operating expenses. Under the other two formula options, the State guarantees that it will help all districts with a local effort equivalent to a $15.00 per thousand full value tax rate to spend more than $1,400 per pupil for operating expenses.

For the three formula options, the ranges of approved operating expense ceilings per pupil (i.e., state-local support levels), with a local effort equivalent to a $15.00 per thousand full value tax rate, are as follows:

1. The first formula option for all districts with up to $67,000 full value per resident pupil has a ceiling of $1,400 on the State-aided portion of a district's operating expense per pupil for 1977-78 aid purposes. For example, a district with $40,000 full value per resident pupil will raise $600 per pupil with a $15.00 per thousand full value tax rate and will receive $800 in per pupil formula aid from the State.

2. The second formula option, applicable to districts with from $67,000 to $101,000 full value per resident pupil, has implied operating expense ceilings which range from $1,401 to $1,874 per pupil. For example, a district with $100,000 full value per pupil could raise $1,500 per pupil with a $15.00 per thousand full value tax rate and will receive under the second formula option $361 per pupil, thus implying an operating expense ceiling of $1,861 per pupil.

3. The third formula option (minimum guarantee of $360 per pupil), applicable to districts with more than $101,000 full value per resident pupil, has implied operating expense ceilings ranging from $1,875 to $7,248 for the district with the highest full value per resident pupil of $459,190 in the 1977-78 school year. For example, a district with $200,000 full value per pupil could raise $3,000 per pupil with a $15.00 per thousand tax rate. With the addition of its formula aid of $360 under this option, it would have an implied operating expense ceiling of $3,360 per pupil.

None of these implied ceilings apply to districts aided under a save-harmless provision or a maximum limit. The algebraic equation used to calculate an implied ceiling is presented in the box on page 16.

1977-78 PAYABLE OPERATING AID SCHEME FOR STATE'S SCHOOL DISTRICTS

The amount of operating aid paid to a New York State school district may differ significantly from the amount to which it is entitled under one of the three formula aid options described on pages 2 to 5. In the 1977-78 school year, the three operating aid formula options will only directly affect 126 school districts. The other 583 districts will receive their operating aid based on one of the four following criteria:

-- 130 districts will not receive more than six percent of their total 1976-77 operating aid; this provision is sometimes described as the six percent total aid cap.

-- 106 districts will not receive more than six percent on a per pupil basis of their 1976-77 operating aid; this provision is called a six percent per pupil aid cap.

-- 240 districts will not receive less than their total 1976-77 operating aid; this guarantee is known as total save-harmless.

-- 107 districts will not receive less than their per pupil 1976-77 operating aid; this guarantee is described as per pupil save-harmless aid.

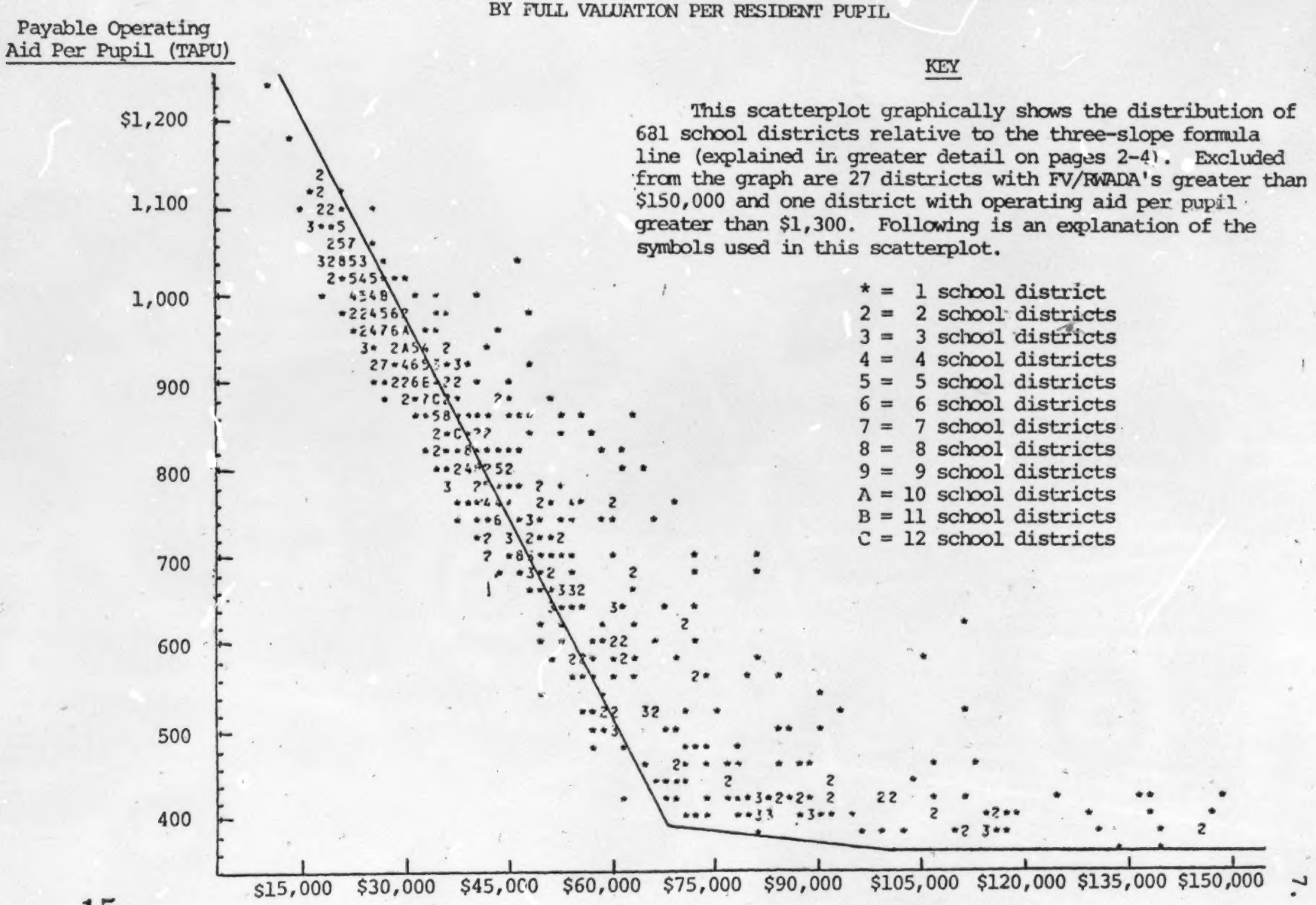
(text continued on page 8.)

How to Read the Scatterplot on Page 7:

This scatterplot shows the location of 681 school districts (with New York City boroughs shown separately) as to the amount of payable operating aid they will receive in the 1977-78 school year according to their full value per resident pupil. Asterisks represent single districts. If there are from two to nine districts at a particular point, they are represented by a single digit. Numbers should not be read across. For example, what appears as "257" means two districts, five districts and seven districts receive the same payable operating aid but have three different full value per resident pupil amounts. The letters A, B, and C represent 10, 11, and 12 districts, respectively.

Because of space limitations, 28 districts are not shown on the scatterplot. As noted in the "Key," 27 of these districts have extremely high per pupil wealth, and one small district is eligible for a large amount of payable operating aid. (See page 8 for details.)

SCATTERPLOT OF 1977-78 PAYABLE OPERATING AID PER TOTAL AIDABLE PUPIL UNIT (TAPU), BY FULL VALUATION PER RESIDENT PUPIL



KEY

This scatterplot graphically shows the distribution of 681 school districts relative to the three-slope formula line (explained in greater detail on pages 2-4). Excluded from the graph are 27 districts with FV/RWADA's greater than $150,000 and one district with operating aid per pupil greater than $1,300. Following is an explanation of the symbols used in this scatterplot.

* = 1 school district
2 = 2 school districts
3 = 3 school districts
4 = 4 school districts
5 = 5 school districts
6 = 6 school districts
7 = 7 school districts
8 = 8 school districts
9 = 9 school districts
A = 10 school districts
B = 11 school districts
C = 12 school districts

(Basis of state aid apportionments for 1977-78 school year.)

Because of the aid caps and save-harmless provisions, the actual amount apportioned as operating expense aid, i.e., payable operating aid, to 583 districts next year will differ from the amount generated by their applicable operating aid formula option.

The scatterplot points shown on page 7 graphically illustrate what the payable operating aid formula means for the 1977-78 school year. The districts which are affected by the two limits on operating aid increases fall below the formula aid lines drawn on the scatterplot; there are 236 of these districts. On the other hand, the save-harmless districts above the line will receive more money for the 1977-78 school year than they are entitled to under an operating aid formula option; there are 347 such districts.

Twenty-eight of the 347 districts "above the formula aid line" are not shown on the scatterplot. Twenty-seven are districts which have more than $150,000 full valuation per pupil for State aid purposes for the 1977-78 school year. A separate analysis has indicated that for these districts the payable operating aid amount ranges from $360 to $545. The actual formula aid for districts with more than $150,000 full value per resident weighted average daily attendance is $360. One small district, with a full value per resident pupil of $55,800 will receive $1,703 per pupil in payable operating aid and is, therefore, not shown on the scatterplot because of space limitations.

The majority of districts aided on the formula in 1977-78 are lower-wealth districts. Lower-wealth districts are also affected by the two aid caps or maximum limits, i.e., six percent on total aid or six percent per pupil.

- Of the 126 districts aided on formula in the 1977-78 school year, all but three are districts with less than $67,000 full value per resident pupil.

- The 236 districts to be aided under one of the two aid caps are all districts which will have less than $67,000 full value per resident pupil for State aid purposes for 1977-78, including 225 with less than $50,000 full value per resident pupil.

In contrast, the 347 districts to be aided under one of the two save-harmless provisions include 232 districts with more than $50,000 full value per resident pupil.

1977-78 OPERATING AID APPORTIONMENT SYSTEM IMPLIES USE OF NUMEROUS STATE-LOCAL SUPPORT LEVELS (CEILINGS)

As has been previously discussed, the three operating aid formula options provided by current law have the effect of providing operating expense state-local support levels or "ceilings" which range from $1,400 to $7,248 per pupil (see page 5). Thus, the formula aid ceiling for the State's richest district is $5,848 higher than that for districts with less than $67,000 full value per resident pupil.

Payable operating aid is the actual amount apportioned to the district whether or not it is aided under one of the three formula options. If payable operating aid were explained without reference to save-harmless provisions or maximum limits, the operating aid for each district could be described as the State's share in the district's state-local support level. A permanent provision of the education law calls upon each district to levy a $15.00 per thousand full valuation tax rate as part of its required local share. This formula factor lends support to the construction of an implied per pupil operating expense state-local support level for every district using the first formula option.

If a district with $60,000 full value per pupil receives $700 per pupil in payable operating aid for the 1977-78 school year, we may say it is actually receiving its payable operating aid on the basis of an operating expense ceiling of $1,600, as the following equations indicate.

	Ceiling		Tax Rate (mills)	FV/RWADA		Per Pupil Aid
FORMULA OPERATING AID	$1,400	-	(.015	x $60,000)	=	$500
PAYABLE OPERATING AID	x = $1,600	-	(.015	x $60,000)	=	$700

(text continued on page 11)

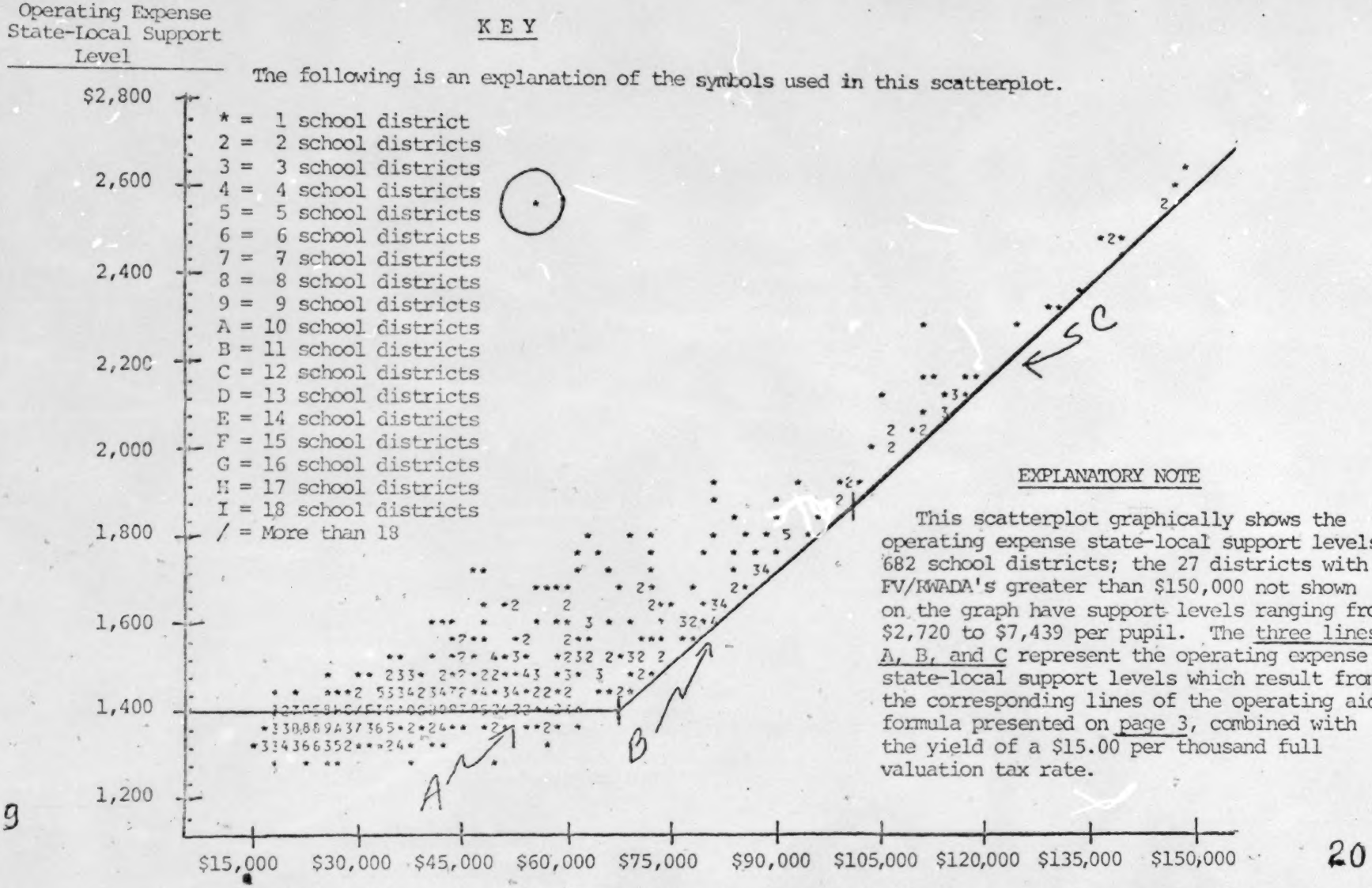
How to Read the Scatterplot on Page 10:

This scatterplot shows all but 27 of the 709 districts (with the five boroughs of New York City plotted separately) with implied operating expense ceilings, by full value per resident pupil levels for the 1977-78 school year. The 27 districts with more than $150,000 full value per resident pupil are not shown, but are included in the discussion on page 10.

Like the scatterplot on page 7, single districts are represented by asterisks. If there are between two and nine districts at a particular point, they are represented by single digits. Letters A through I represent districts numbered 10 through 18. More than 18 districts at a particular point are represented by the symbol "/".

SCATTERPLOT OF IMPLIED 1977-78 PER PUPIL OPERATING EXPENSE STATE-LOCAL SUPPORT LEVELS, BY FV/RWADA

(An Implied Support Level is Not the Same as Actual Per Pupil Operating Expense. See Explanatory Note and Page 16 for Further Details.)



EXPLANATORY NOTE

This scatterplot graphically shows the operating expense state-local support levels of 682 school districts; the 27 districts with FV/RWADA's greater than $150,000 not shown on the graph have support levels ranging from $2,720 to $7,439 per pupil. The three lines A, B, and C represent the operating expense state-local support levels which result from the corresponding lines of the operating aid formula presented on page 3, combined with the yield of a $15.00 per thousand full valuation tax rate.

In the 1977-78 school year, payable operating aid will result in an apportionment system which has the effect of introducing operating expense ceilings that vary from $1,274 to $7,430 per pupil. Thus, there is a ceiling range under current law of $6,156. Out of the 709 districts (with New York City counted on a borough basis), there are only 123 districts which will actually have operating expense ceilings of $1,400 per pupil. Because of the save-harmless provisions, the six percent aid caps and the way the formula aid options work, there are 350 districts which will have ceilings above $1,400* and 236 districts which will have ceilings below $1,400 per pupil for the 1977-78 school year. What is especially noteworthy is that districts with comparable full value per resident pupil levels have widely ranging effective per pupil operating expense ceilings.

The scatterplot on page 10 visually shows the effect of New York State's numerous ceilings. When the asterisks and notations indicating more than one district are totaled, the meaning of the information on the scatterplot is as follows:

- Of the 186 districts with $30,000 full value per resident pupil or less, 121 districts have implied ceilings below $1,390, 60 between $1,390 and $1,409, and five from $1,410 up to $1,465 per pupil.

- Of the 372 districts with between $30,000 and $67,000 full value per resident pupil, 107 districts have implied ceilings below $1,390, 122 between $1,390 and $1,409, and 143 from $1,410 up to $2,540 per pupil.

- Of the 87 districts which will have between $67,000 and $101,000 full value per resident pupil for 1977-78, the implied ceilings on a payable aid basis include no district at or below $1,400 per pupil. The implied ceilings for these districts range from $1,432 to $1,915 per pupil.

- Of the 64 districts with more than $101,000 full value per resident pupil, no district has an implied per pupil ceiling below $1,900. Their implied ceilings range from $1,909 to $7,430 per pupil (including 27 districts which are not graphed).

Because of the use of estimated data, the state-local support ceiling category of $1,390 to $1,409 per pupil has been used here, and in following pages, as a proxy for districts with less than $67,000 full value per resident pupil which are at, or close to, the formula aid ceiling of $1,400 per pupil.

* The 350 district total includes three formula aid districts above $67,000 full value per pupil and 347 save-harmless districts.

DISTRIBUTION OF DISTRICTS, BY "IMPLIED" OPERATING EXPENSE STATE-LOCAL SUPPORT LEVELS

Several different recommendations have been presented in the past year to change the basis on which New York State measures relative school district wealth. This booklet has not been designed to suggest that the State should try to apply a single-line formula to all districts. Instead, both the previous discussion and the "histogram" on page 13 have been prepared to show how far away the State is from achieving what it proports to achieve through the state-local support formula described on pages 2 to 5.

As the previous discussion has indicated, more than 500 different equations are implied in the operating apportionment system for the 1977-78 school year.

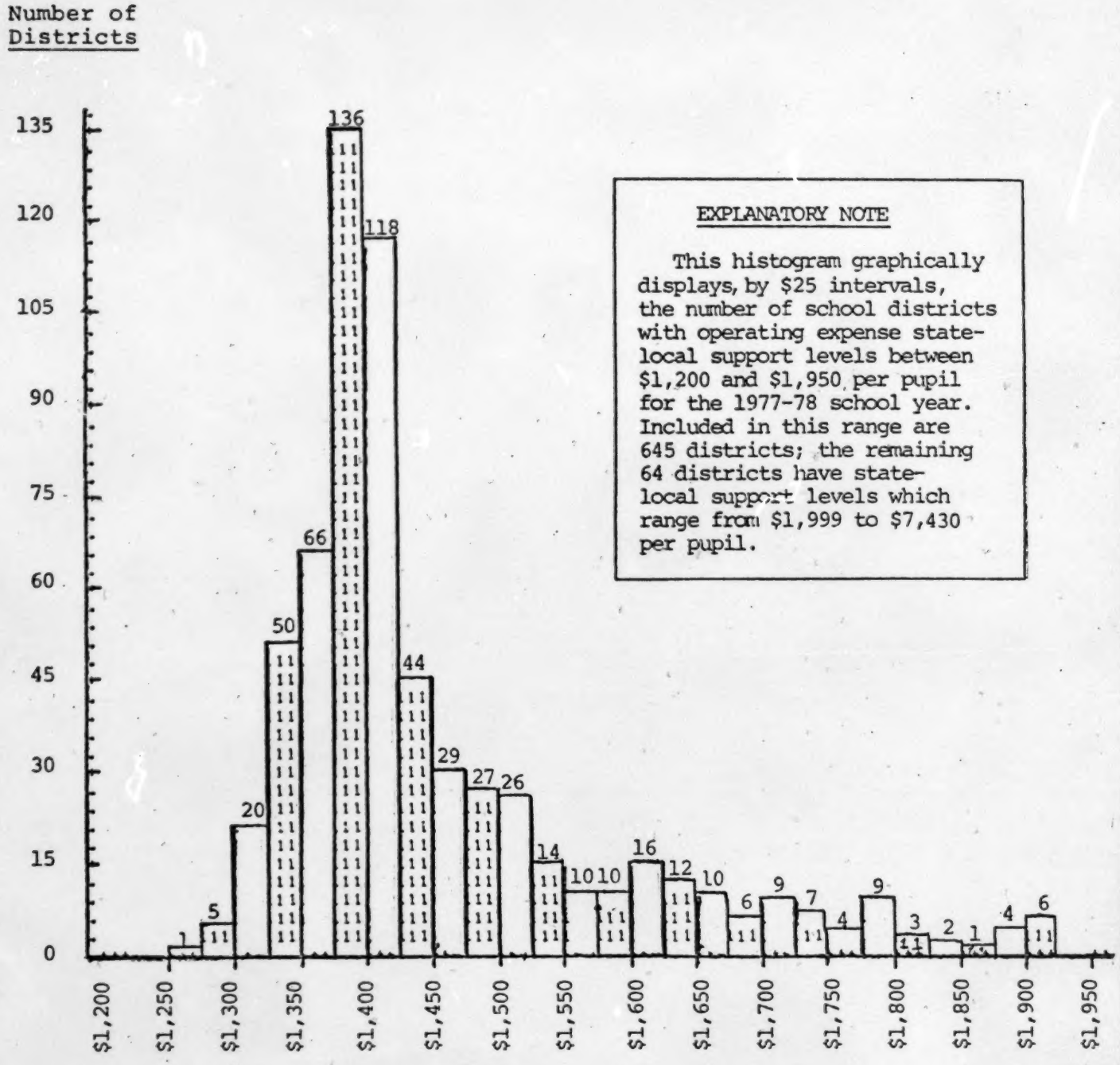
A total of 364 districts -- 51 percent of all districts -- have implied ceilings which, for 1977-78 aid purposes, will range from $1,350 to $1,450 per pupil. (See pages 5, 9, 16 for an explanation of how to calculate an implied operating expense ceiling.) Of these 364 districts, 254 have implied ceilings ranging from $1,375 to $1,425 per pupil.

The remaining 49 percent of the State's 709 school districts (counting New York City's five boroughs as individual districts) will have implied ceilings in 1977-78 as shown below:

- 76 districts will have implied ceilings ranging from $1,274 to $1,350 per pupil.
- 160 districts will have implied ceilings ranging from $1,450 to $1,700 per pupil.
- 45 districts will have implied ceilings ranging from $1,700 to $1,950 per pupil.
- 64 districts (not shown on this histogram) will have implied ceilings ranging from $1,950 to more than $7,400 per pupil. Only 22 districts will have implied ceilings of more than $3,000 per pupil.

Since a state aid formula is usually judged by comparing the amount of money districts will receive in the future with what they received in the past, it is not surprising that only 254 districts -- 35.8 percent of the total -- will have implied state-local support levels which range from $1,375 to $1,425 per pupil and thus are within $25 of the State's $1,400 ceiling.

HISTOGRAM OF STATE-LOCAL SUPPORT LEVELS FOR OPERATING EXPENSE,
1977-78 SCHOOL YEAR



1977-78 Per Pupil State-Local Support Levels for Operating Expense

VARIATION IN PER PUPIL OPERATING EXPENSE SUPPORT LEVELS FOUND IN ALL REGIONS OF NEW YORK STATE

New York State has 14 Educational Planning Regions. These Planning Regions were developed by the State Education Department and are composed of groups of Boards of Cooperative Educational Services. New York City is treated as a separate Planning Region.

As the map on page 15 indicates, in every one of the State's Educational Planning Regions, including New York City, there is at least one district which has an implied operating expense ceiling of less than $1,400. In other words, districts affected by the two caps on aid increases for 1977-78 are geographically scattered throughout the State. Further, in all but three regions, there is at least one district with an approved operating expense effective ceiling higher than $2,250. These data indicate that regional differences in wealth resources are not a problem of any single region, but are typical of most areas of the State.

Ranges in approved operating expense do not tell the total story, as the table on page 16 indicates. Highlights from this table follow:

- Twenty percent or more of the districts in four Educational Planning Regions (Lower Hudson, Nassau, Suffolk, and New York City) have state-local support levels of more than $1,875 per pupil. In contrast, no districts in Niagara Western, South Western or Mohawk Valley have high state-local support levels of more than $1,875 per pupil.

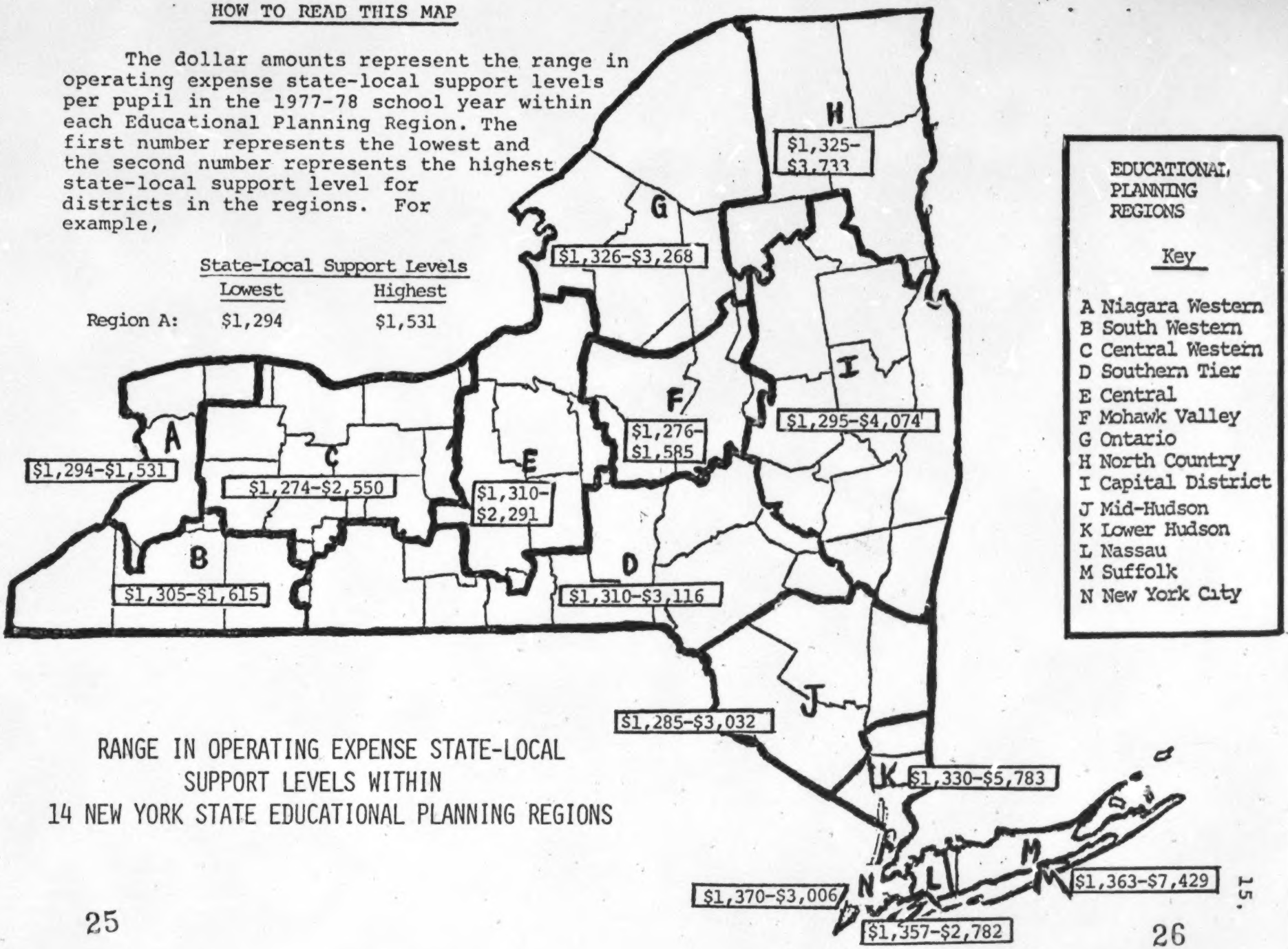
- More than 50 percent of the districts in two regions (Central and Mohawk Valley) have state-local support levels which are less than $1,390 per pupil. On the other hand, there are five regions (North Country, Mid-Hudson, Lower Hudson, Nassau and Suffolk) in which 12.5 percent or fewer of their districts have state-local support levels below $1,390 per pupil.

- Sixty percent or more of the districts in five regions (Mid-Hudson, Lower Hudson, Nassau, Suffolk, and New York City) have state-local support levels above $1,410. Seven regions (Niagara Western, South Western, Central Western, Southern Tier, Central, Mohawk Valley, and Ontario) have 60 percent or more of their districts with state-local support levels below $1,410 per pupil.

HOW TO READ THIS MAP

The dollar amounts represent the range in operating expense state-local support levels per pupil in the 1977-78 school year within each Educational Planning Region. The first number represents the lowest and the second number represents the highest state-local support level for districts in the regions. For example,

State-Local Support Levels	Lowest	Highest
Region A:	$1,294	$1,531



EDUCATIONAL PLANNING REGIONS

Key

A Niagara Western
B South Western
C Central Western
D Southern Tier
E Central
F Mohawk Valley
G Ontario
H North Country
I Capital District
J Mid-Hudson
K Lower Hudson
L Nassau
M Suffolk
N New York City

RANGE IN OPERATING EXPENSE STATE-LOCAL SUPPORT LEVELS WITHIN 14 NEW YORK STATE EDUCATIONAL PLANNING REGIONS

DISTRIBUTION OF NEW YORK STATE SCHOOL DISTRICTS WITHIN EACH EDUCATIONAL PLANNING REGION, BY IMPLIED OPERATING EXPENSE STATE-LOCAL SUPPORT LEVELS PER PUPIL, 1977-78 SCHOOL YEAR

Educational Planning Regions	Number of Districts	Percentage of Districts in Educational Planning Regions, by 1977-78 Implied State-Local Support Levels Per Pupil			
		$1,274 to $1,389	$1,390 to $1,409	$1,410 to $1,874	$1,875 to $7,429
Niagara Western	44	34.1%	38.6%	27.3%	0.0%
South Western	45	48.9	31.1	20.0	0.0
Central Western	68	38.2	35.3	25.0	1.5
Southern Tier	79	27.9	32.9	32.9	6.3
Central	50	52.9	28.0	18.0	2.0
Mohawk Valley	37	64.9	21.6	13.5	0.0
Ontario	37	37.8	27.0	29.7	5.4
North Country	27	3.7	44.4	37.0	14.8
Capital District	94	25.5	22.3	42.6	9.6
Mid-Hudson	48	12.5	22.9	54.2	10.4
Lower Hudson	54	3.7	5.6	68.5	22.2
Nassau	56	3.6	3.6	71.4	21.4
Suffolk	65	9.2	30.8	26.2	33.9
New York City	5	20.0	20.0	40.0	20.0
TOTAL STATE	709	26.9%	25.8%	36.8%	10.4%

How to Calculate an Implied Operating Expense Ceiling:

The "implied" operating expense state-local support level per pupil has been computed for each district in New York State by inserting the district's full valuation per resident pupil (FV/RWADA) and the amount of its payable operating aid per total aidable pupil unit (TAPU) into the following equation which is the first formula aid option:

$x - .015$ (District FV/RWADA) = Payable Operating Aid Per TAPU

x = District's State-Local Support Level on Per Pupil Operating Expense

SCHOOL DISTRICTS "COULD" RECEIVE THEIR OPERATING AID AMOUNTS WITHOUT SAVE-HARMLESS OR MAXIMUM AID PROVISIONS

In mathematical terms, the 583 districts receiving aid in the 1977-78 school year under save-harmless provisions and maximum aid caps could have received the same amount of aid without such provisions, if the Legislature had so desired. A bill similar to the two-page excerpt from the mock bill shown on pages 18 and 19 could have been enacted using a series of different operating expense state-local support levels. To achieve this objective, the implied operating expense state-local support level per pupil would be calculated for each district using the procedure described on page 16.

Sixty-five districts are shown in the mock bill on pages 18 and 19. A separate equation is required for each of these districts to achieve the same operating aid distribution under the mock bill as that provided by current law. In addition to the New York City boroughs, the districts in the two-page bill excerpt include Buffalo, Syracuse, Rochester, Yonkers, and 56 districts in Nassau County. Analysis of the 65 equations shows:

- Only two of the 65 districts will receive aid on the basis of a $1,400 state-local support level. These districts include one New York City borough and one Nassau district with from $53,101 to $55,000 full value per resident pupil.

- Six districts are aided as though the state-local support level were less than $1,400 per total aidable pupil unit: one New York City borough, two of the big cities, and three Nassau County districts.

- Thirty-three districts will have implied state-local support levels ranging from $1,412 to $1,687 per pupil (including two New York City boroughs, two big cities, and 29 Nassau County districts). Their full valuation per resident pupil ranges from $34,000 to $85,000.

- Thirteen Nassau County districts will have effective support levels between $1,700 and $1,925 per pupil. Their per pupil full values range from $46,000 to $100,000.

- One New York City borough and 10 Nassau County districts -- all with more than $100,000 full value per resident pupil -- will have implied state-local support levels ranging from more than $2,000 to $3,008 per pupil.

18.

How to Give Districts Their 1977-78 Aid Without Save-Harmless

AN ACT

to amend the education law, in relation to apportionment of public moneys to school districts employing eight or more teachers

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Notwithstanding any inconsistent provision of section three thousand six hundred two of the Education Law, for the school year commencing July first, nineteen hundred seventy-seven districts shall receive their apportionment for operating expenses pursuant to the provisions of the paragraphs outlined below.

a. The school district of a city with a population of one million or more shall be allowed to calculate its aid on a borough basis and the operating aid apportionment per total aidable pupil unit shall be computed from the equations provided below for boroughs in the different intervals of full valuation per resident pupil in weighted average daily attendance:

1. From $ 0 to $ 34,000 FV/RWADA, $1,372 - .015 (District FV/RWADA).
2. " $ 34,001 to $ 59,000 " , $1,400 - " (" ").
3. " $ 59,001 to $ 84,000 " , $1,639 - " (" ").
4. " $ 84,001 to $109,000 " , $1,685 - " (" ").
5. " $109,001 to $173,000 " , $3,008 - " (" ").

b. For school districts in cities with a population of more than 125,000 but less than a million, the apportionment for operating aid per total aidable pupil unit shall be calculated for districts in different intervals of full valuation per resident pupil in weighted average daily attendance as follows:

1. From $ 0 to $ 48,000 FV/RWADA, $1,460 - .015 (District FV/RWADA).
2. " $ 48,001 to $ 56,000 " , $1,356 - " (" ").
3. " $ 56,001 to $ 75,000 " , $1,335 - " (" ").
4. " $ 75,001 and above " , $1,629 - " (" ").

c. For school districts located in a county with a population of more than 1,350,000, exclusive of a county wholly within a city having a population of one million or more, the apportionment for operating aid per total aidable pupil unit shall be calculated for districts in different intervals of full valuation per resident pupil in weighted average daily attendance as follows:

1. From $ 0 to $ 34,500 FV/RWADA, $1,512 - .015 (District FV/RWADA).
2. " $ 34,501 to $ 38,500 " , $1,385 - " (" ").
3. " $ 38,501 to $ 42,500 " , $1,611 - " (" ").

4. From $ 42,501 to $ 43,000 FV/RWADA, $1,584 - .015 (District FV/RWADA).
5. " $ 43,001 to $ 43,250 " , $1,441 - " (" ").
6. " $ 43,251 to $ 45,000 " , $1,618 - " (" ").
7. " $ 45,001 to $ 46,000 " , $1,721 - " (" ").
8. " $ 46,001 to $ 46,600 " , $1,560 - " (" ").
9. " $ 46,601 to $ 48,000 " , $1,399 - " (" ").
10. " $ 48,001 to $ 50,000 " , $1,703 - " (" ").
11. " $ 50,001 to $ 50,200 " , $1,465 - " (" ").
12. " $ 50,201 to $ 50,500 " , $1,530 - " (" ").
13. " $ 50,501 to $ 51,700 " , $1,412 - " (" ").
14. " $ 51,701 to $ 51,900 " , $1,624 - " (" ").
15. " $ 51,901 to $ 53,100 " , $1,515 - " (" ").
16. " $ 53,101 to $ 55,000 " , $1,400 - " (" ").
17. " $ 55,001 to $ 57,960 " , $1,612 - " (" ").
18. " $ 57,961 to $ 58,900 " , $1,687 - " (" ").
19. " $ 58,901 to $ 59,700 " , $1,656 - " (" ").
20. " $ 59,701 to $ 60,000 " , $1,463 - " (" ").
21. " $ 60,001 to $ 61,000 " , $1,537 - " (" ").
22. " $ 61,001 to $ 62,000 " , $1,357 - " (" ").
23. " $ 62,001 to $ 62,500 " , $1,504 - " (" ").
24. " $ 62,501 to $ 62,940 " , $1,617 - " (" ").
25. " $ 62,941 to $ 63,500 " , $1,617 - " (" ").
26. " $ 63,501 to $ 65,000 " , $1,490 - " (" ").
27. " $ 65,001 to $ 66,500 " , $1,600 - " (" ").
28. " $ 66,501 to $ 69,500 " , $1,473 - " (" ").
29. " $ 69,501 to $ 70,000 " , $1,522 - " (" ").
30. " $ 70,001 to $ 70,500 " , $1,672 - " (" ").
31. " $ 70,501 to $ 73,500 " , $1,500 - " (" ").
32. " $ 73,501 to $ 77,500 " , $1,565 - " (" ").
33. " $ 77,501 to $ 81,150 " , $1,637 - " (" ").
34. " $ 81,151 to $ 82,000 " , $1,617 - " (" ").
35. " $ 82,001 to $ 83,500 " , $1,643 - " (" ").
36. " $ 83,501 to $ 85,000 " , $1,829 - " (" ").
37. " $ 85,001 to $ 87,500 " , $1,723 - " (" ").
38. " $ 87,501 to $ 88,600 " , $1,786 - " (" ").
39. " $ 88,601 to $ 88,700 " , $1,739 - " (" ").
40. " $ 88,701 to $ 88,800 " , $1,721 - " (" ").
41. " $ 88,801 to $ 90,000 " , $1,886 - " (" ").
42. " $ 90,001 to $ 90,500 " , $1,853 - " (" ").
43. " $ 90,501 to $ 91,000 " , $1,797 - " (" ").
44. " $ 91,001 to $ 94,000 " , $1,785 - " (" ").
45. " $ 94,001 to $ 97,500 " , $1,816 - " (" ").
46. " $ 97,501 to $100,000 " , $1,913 - " (" ").
47. " $100,001 to $107,000 " , $2,056 - " (" ").
48. " $107,001 to $109,000 " , $2,001 - " (" ").
49. " $109,001 to $111,000 " , $2,040 - " (" ").
50. " $111,001 to $112,000 " , $2,088 - " (" ").
51. " $112,001 to $113,000 " , $2,152 - " (" ").
52. " $113,001 to $123,000 " , $2,134 - " (" ").
53. " $123,001 to $133,000 " , $2,334 - " (" ").
54. " $133,001 to $143,000 " , $2,464 - " (" ").
55. " $143,001 to $153,000 " , $2,557 - " (" ").
56. " $153,001 to $159,135 " , $2,782 - " (" ").

d. For school districts located in a county with a population of more than 1,130,000 and less than 1,350,000, the apportionment....

SUMMARY

- New York State's current operating aid apportionment system, enacted in the 1974 legislative session and annually modified since then, is based on a simple foundation format concept with three formula options. However, the apportionment system as it has evolved has again become very complex.

- Under the operating aid foundation formula, the State guarantees that it will "share" in a district's operating expense up to a certain per pupil amount. However, an assumption often made is that this state-local support level, or ceiling, of $1,400 per pupil will apply to all districts in the 1977-78 school year. In reality, the two alternate formula options used for operating aid apportionment actually provide comparatively wealthy districts (as measured by full valuation per resident pupil) with higher state-local support levels. Thus, 558 districts with less than $67,000 full value per pupil have a formula aid state-local support level at $1,400 for the 1977-78 school year while 87 districts with higher full values per pupil have implied state-local support levels between $1,401 and $1,874 per pupil. Another 64 districts with even higher full values per pupil have implied ceilings ranging from $1,875 to $7,248 per pupil.

- The operating aid apportionment system is further complicated in the 1977-78 school year by save-harmless provisions and by limits on operating aid increases. These formula factors mean that the actual range in school district state-local support levels for 1977-78 will be from $1,274 to $7,430 per pupil. At the same time, out of the 558 districts referred to earlier with less than $67,000 full value per resident pupil, 42 percent of these districts will have operating expense support levels below the basic state formula aid support level of $1,400 per pupil. Further, because of the save-harmless provisions, all but three of the districts with more than $67,000 full value per resident pupil will have state-local support levels that are even higher than those in the preceding paragraph.

GLOSSARY OF TERMS

Full Valuation Per Resident Pupil (FV/RWADA) is the wealth measure used in New York State to determine aid to school districts. For the 1977-78 school year, the Education Law calls for use of 1975 full valuation data and resident pupil counts for the 1975-76 school year.

Full Valuation (FV), sometimes called "full value", "actual value" or "true value", is derived from the assessed valuation of taxable real property within each municipality. After certain revisions as provided by law are made, the total assessment value is divided by the state equalization rate determined by the State Board of Equalization and Assessment for the assessment roll of each municipality. When a school district covers more than one municipality, the appropriate full value portions are added together to determine the school district full valuation.

Resident Weighted Average Daily Attendance (RWADA) means resident pupils in average daily attendance with the following weightings: .5 for 1/2-day Kindergarten; 1.00 for full-day Kindergarten through grade 6; and 1.25 for grades 7 through 12. In determining average daily attendance for the RWADA pupil count, a district may select its best 4 out of 8 or 5 out of 10 attendance periods.

Total Aidable Pupil Units (TAPU) are the weighted pupil measure used to determine the total operating aid apportionment for a school district. For 1977-78 operating aid, the TAPU measure is based on pupils in actual average daily attendance (without choice of attendance periods) in the 1976-77 school year. The following weightings are applied to pupils used in the TAPU measure for 1977-78 aid:

Full-day Kindergarten through grade six pupils: 1.00
1/2-day Kindergarten pupils: .50
Pupils with special educational needs: 1.25
Pupils with handicapping conditions: 2.00
Summer school pupils: .12
Evening school pupils: .50
Additional secondary pupils: 1.25. (This weighting is for pupils in grades 7 through 12 who have not been weighted for special educational needs or for handicapping conditions.)

Average Daily Attendance (ADA) is defined differently for purposes of counting RWADA and TAPU as the preceding explanations suggest. In calculating a district's operating expense per ADA, the TAPU definition of ADA is used in the formula.